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AUG 4 1999

August 4, 1999

FEDERAL COMMUNICATIONS COMMISSION  
OFFICE OF THE SECRETARY

Ms. Magalie Roman Salas  
Secretary  
Federal Communications Commission  
The Portals  
445 12<sup>th</sup> St., SW  
TW-A325  
Washington, D.C. 20554

**RE: Ex Parte Presentation**  
**Section 1.1206(b)(1) and (b)(2) Disclosure**  
**Telecommunications Carriers' Use of Customer Proprietary Network**  
**Information and Other Customer Information (CC 96-115)**

Dear Ms. Salas:

On August 4, 1999, Brent Olson of Cable & Wireless USA, Inc. ("C&W USA") made a written and oral ex parte presentation to Kyle Dixon and Peter Tenhula, legal advisors to Commissioner Powell, addressing several issues pending in the above entitled docket. Attached is a written presentation that was presented to Mr. Dixon and Mr. Tenhula and supported by C&W USA.

Specifically, C&W USA discussed the means by which the Commission can ensure that customer proprietary network information ("CPNI") is protected by carriers without an undue regulatory burden. As outlined in the attached document, C&W USA illustrated its support for revised rules governing CPNI flagging and audit trails that would meet the Commission's goals of ensuring the security of CPNI yet would not require carriers to engage in a massive overhaul of their software and networks in order to comply. Further, C&W USA discussed a proposal supported by C&W USA and other parties that would permit carriers to rely on approvals to use CPNI obtained from customers after the passage of the Telecommunications Act of 1996 but prior to the adoption of the Commission's CPNI rules in 1998.

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If you have any questions or comments concerning this disclosure or the presentation in general, please do not hesitate to contact me at 703-760-3865.

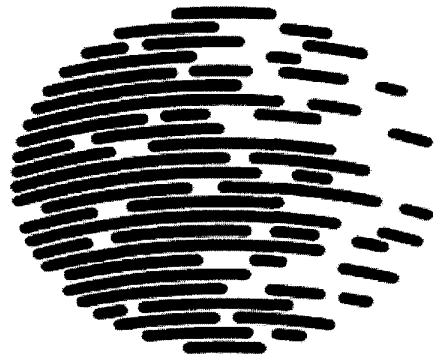
Sincerely,

Brent M. Olson  
Senior Regulatory Counsel

Attachment

cc: Kyle Dixon – w/o attachment  
Peter Tenhula – w/o attachment

# Customer Proprietary Network Information



**CABLE & WIRELESS**  
USA

# CPNI Order

- Required “first screen” indication of CPNI approval on all customer service record systems.
- Required carriers to create an audit trail mechanism to determine carrier access to CPNI.
- Mandates express notification and approval from all customers.

# FLAGGING REQUIREMENT

- Order requires:
  - new software to be developed,
  - software to be installed on all computers that have access to customer service records, and
  - flag must be on first screen of customer service records.

# ELECTRONIC AUDITING REQUIREMENT

- Order requires:
  - creation of a massive identification, storage and retrieval system to capture access to CPNI by carrier,
  - identification of who accessed the CPNI and when this access occurred, and
  - maintenance of this information for a minimum of one year

# SAFEGUARD PROBLEMS

- Problems with these requirements:
  - do not recognize complexity of carrier back office systems,
  - overly broad, not targeted to prevent CPNI abuse,
  - Year 2000 software and technical assistance issues, and
  - fail cost v. benefit analysis.

# FLAGGING REQUIREMENT

- Industry alternative:
  - CPNI status made available to marketing personnel prior to offering,
  - allows carrier flexibility in implementation - cost of compliance will be borne more fairly,
  - focused on most likely area of potential abuse,
  - allows carriers to develop most efficient means of compliance, and
  - passes cost v. benefit analysis.



# ELECTRONIC AUDITING REQUIREMENT

- Industry alternative:
  - maintain a file of marketing campaigns in which CPNI was used,
  - recognizes the complexity of carrier back office systems,
  - does not exhaust Y2K resources, and
  - provides consumer protection by maintaining information of when CPNI is used to market new products, which is Section 222's main goal.

# CUSTOMER APPROVALS

- CPNI rules mandate that carriers notify and receive express approval from customers to use CPNI outside their service category.
- Notification language and parameters of approval not made available to carriers until February 1998.
- Statutory language in effect since February 1996 - two year gap between rules and effect of statute.

# CUSTOMER APPROVALS

- Carriers relied on statutory language for two years, and the Commission should recognize this good faith notification and approval.
- Consumers who provided approval during this time period could be revisited and provided an opportunity to amend their approval.
- Bureau recognized Commission rules were meant to be applied flexibly in May 1998 Order.
- Balances consumer protection with carrier competitiveness.
- Analogues to Reciprocal Compensation Order.